
Cost Shifting from State Governments to Local Government



Bathurst City Council

Name: Bathurst City Council

Population size: 30,307

Geographic size: 240 square kilometres

Current budget: \$71,026 million

House of representatives Standing Committee on
Economics, Finance and Public Administration

Submission No: 61

Date Received: 26/7/02

Secretary: Bardell

1. **Any relevant demographic information:** Bathurst is a city with a population of approximately 31,000 and is Australia's oldest inland city. Bathurst offers a full range of amenities including Charles Sturt University, TAFE, public and private high schools, base hospital and excellent social, community and sporting facilities.
2. **Overview of historical development of the council.** Bathurst was declared a City in 1885. As the City has grown, boundaries have been extended to provide land for the City's growth.
3. **Is the council member of a regional organisation of councils? Yes. Which?** CENTROC – Central West Regional Organisation of Councils.
4. **Outline any contract works council has undertaken for any state, federal or other agency during 2001/02 and its value.** Council constructed Ben Chifley Dam with the total contract value of \$30 million. Council was required to contribute \$15 million or 50% of the construction cost. This was completed in 2001/2002.
5. **Outline any activity council has undertaken which would not normally be part of council activities, or traditionally has been provided by Federal or State Government during 2001/02 and its value.**
6. **Does the council believe that devolution of services over the last ten years has placed additional financial burdens on the council?**
Yes.
7. **Outline what services have been devolved and approximate annual cost and income.** See attached list dissected into various functions of Council. No annual cost figures have been estimated.
8. **Outline costs incurred by council in meeting federal and state compliance/ administrative requirements.** Council has not carried out an estimate of costs incurred by Council for compliance of State and Federal administrative requirements.

9. Has the council had to employ additional staff to provide devolved services or meet additional compliance /administrative requirements?

Yes. **How many?** It is estimated that Council has employed approximately 10 to 15 additional staff.

10. Outline any council services that could be better provided by another sphere of government or the private sector. Service areas that could be provided by another centre include cultural, recreational and child care facilities.

11. Outline any services currently provided by other spheres of government that could be better provided by local government. Council would develop a fairer and more equitable system of the dissection of annual tax revenue to ensure all Councils receive 2% previously guaranteed.

Cost Shifting from State Governments to Local Government



Bathurst City Council

The following areas of Bathurst City Council's expenditure reflects cost shifting.

ENGINEERING FUNCTIONS

- ◆ Load Based Licensing - to self fund the EPA.
- ◆ Water Licensing - the State Water component of the Department of Land and Water Conservation will be externally funded.
- ◆ Waste Minimisation.
- ◆ RTA single limitation contracts. The RTA has devolved to Council its own time consuming compliance mechanisms whilst enabling it to downsize, whilst getting a cheaper service delivery.
- ◆ Road Safety Officers. Council funds this position under the threat of not receiving RTA grant funds.
- ◆ Flood Mitigation. This is more of a Commonwealth driven shift of funding responsibility to local government.
- ◆ Flood levy funding
- ◆ Water and sewerage capital works - subsidy to back log works only
- ◆ Copy of Water Charges - Water Act Amendments
- ◆ Power of Entry - Water charges - recently restricted
- ◆ Trees under power lines
- ◆ Cost shifting Public Works Department and Water Resources to Local Government particularly in the Tweed, Richmond, Clarence Valleys
- ◆ Storm Water Management
- ◆ Road Safety Officer
- ◆ Storm Water Extension Officer
- ◆ Graffiti on private land
- ◆ Heavy vehicle size and weight increases with no commensurate funding increases

GOVERNANCE FUNCTIONS

- ◆ Additional requirements legislated in the 1993 Local Government Act
- ◆ Animal control
- ◆ Multiple appeal processes of ICAC, Ombudsman, Department of Local Government, Administrative Tribunal, FOI, etc
- ◆ On site storage legislation
- ◆ The Local Government Act has created additional access rights to information for members of the public, in particular Section 12 of the Local Government Act.
- ◆ Constitutional Referendum. The 1993 Act requires that for any changes to wards or boundaries, the number of Councillors, or how the Mayor obtains office; must be resolved by way of constitutional referendum. The cost of a referendum is similar to the cost of holding elections.
- ◆ The Local Government Act required that land be classified as either operational or community. This caused a cost on Council, however, I believe that it was probably covered in the initial set up costs to which the State Government did give a marginal rate increase at the time of introducing the 1993 Act.

- ◆ The Act at Section 36 requires plans of management for community land. The establishment of these plans is a cost to Councils.
- ◆ Senior Staff. I note at Sections 334 and 337 that there are requirements with respect to senior staff and contracts. My experience with respect to the change in this requirement is that Councils have tended to pay more for senior staff than they used to pay due to the introduction of five year fixed term contracts.
- ◆ In 1993 the Act enshrined within itself that it needs to be reviewed every five years. Section 747 of the Local Government Act. This in itself generates costings as Councils will be expected to respond.
- ◆ The introduction of the Companion Animals Act 1998. The Dog Act of 1966 transferred the role of responsibility of registration and management of dogs from the Police to Councils. The responsibility and cost was further exacerbated in 1998 when the Companion Animals Act imposed more responsibility on Councils - without any financial compensation. The net cost to Orange City for management of the Companion Animals Act for 2002/03 is \$260,180.

FINANCIAL FUNCTIONS

- ◆ Policing of Events. Significant events of all types, including car racing at the Mount, are a major source of economic benefit to regional cities. This is also now a user pays activity.
- ◆ Asset Management. Although this is good management practice, it has meant that local government has had to re-deploy resources to adequately address the issues. Rate pegging has not allowed Council to generate additional funds to readily accommodate the additional resources.
- ◆ Public Liability. The courts, the legal fraternity, and the lack of, or slow response by Government has increased the costs of providing local government services "in good faith", in the areas of premiums/excess, processing claims/evidence and more resources required in checking assets for their condition.
- ◆ The Training Guarantee Levee has previously mandated the percentage of existing funds toward training activities.
- ◆ Fire Services. There has been rapid increase in local government contributions to both the RFS and the NSW fire brigades.
- ◆ Electricity charges
- ◆ Street lighting
- ◆ Insurance - particularly related to GST and sales tax charges
- ◆ GST and sales tax
- ◆ Financial Institution duty
- ◆ Board of Fire Commissioners
- ◆ Rural Fire Services
- ◆ Pensioners rebate
- ◆ Financial Assistance Grants
- ◆ Local Government Assistance Grants (State funding)
- ◆ Insurance is to be met by Councils after ten years
- ◆ Policing costs - events - surveillance cameras
- ◆ Parking Officers
- ◆ Section 611 charges
- ◆ Nonfeasance and malfeasance
- ◆ Maternity leave
- ◆ Statutory setting of fees
- ◆ Fuel tax in the Central West
- ◆ Advertising private works. Section 67 requires advertisement of any private works undertaken to which a less than commercial price is charged. This has been a minimal matter for Bathurst City Council but across the industry may have created costs in terms of advertising.

GENERAL FUNCTIONS

- ◆ Occupational Health and Safety compliance cost.
- ◆ Work Cover is now run on a user pays basis, in that it is to be self-funding from fines.
- ◆ Emergency Management. Whilst Council is not the combat agency it does provide the bulk of resources to the response effort.
- ◆ Religious Organisations do not pay rates.
- ◆ State Emergency Service
- ◆ Occupational Health & Safety - Whipping Boy in court cases
- ◆ Independent assessors for development applications
- ◆ Dental, medical and hospital services attractions
- ◆ National Competition Policy funding distribution
- ◆ Section 402 requires the development of management plans.
- ◆ Annual Report. Section 428 of the Local Government Act requires that an extensive Annual Report be completed including statement of environment report that links over to the EPA Act.
- ◆ Alcohol Free Zones. Sections 642 and 643 deal with street drinking and the creation of alcohol free zones.

ENVIRONMENTAL FUNCTIONS

- ◆ State of the Environment Report
- ◆ Salinity management
- ◆ EPA requirements for garbage disposal including 60% reduction in landfill
- ◆ Vegetation Management
- ◆ Land and Environment Court decisions contrary to Council decision which result in costs to the Council
- ◆ Protection of the Environment Operations Act. This is an Act that is administered by a number of government departments. In order to fully comply and implement it properly, Council had to employ an Environmental Officer.